

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

THOMAS E. PEREZ, Secretary of Labor, :
United States Department of Labor,

Plaintiff,

v. : Civil Action No. 3:12-cv-04450
(MAS)(DEA)

FIRST BANKERS TRUST SERVICES,
INC., VINCENT DIPANO and the SJP
GROUP, INC. EMPLOYEE STOCK
OWNERSHIP PLAN, :

Defendants. :

**DECLARATION OF ANDREW KARONIS IN SUPPORT OF SECRETARY'S
MOTIONS TO EXCLUDE OPINIONS OF BRADLEY VAN HORN, STEVEN FISCHER,
AND JOEL STOESSER**

I, Andrew Karonis, declare under penalty of perjury that the following is true and correct:

1. I am a Senior Trial Attorney at the Office of the Solicitor, U.S. Department of Labor, one of the attorneys of record for plaintiff Thomas E. Perez, United States Secretary of Labor for the Department of Labor (the "Secretary").

2. I submit this Declaration in support of the Secretary's Motion to Exclude the Testimony of Bradley Van Horn, Motion to Exclude the Testimony of Steven Fischer, and Motion to Exclude the Testimony of Joel Stoesser.

3. Attached hereto as Karonis Exhibit 1 is a true and correct copy of the April 11, 2007 Draft Prairie Capital Advisors, Inc. ("Prairie") Valuation Report with cover email (the "4/11/07 Draft"), which was produced by counsel for First Bankers Trust Services, Inc. ("FBTS") in this action.

4. Attached hereto as Karonis Exhibit 2 is a true and correct copy of the April 16, 2007 Prairie Valuation Report, with cover letter and date receipt stamp of April 27, 2007 (the “4/27/07 Report”) which was produced by counsel for FBTS in this action.

5. Attached hereto as Karonis Exhibit 3 is a true and correct copy of the Duff & Phelps Confidential Memorandum dated January 2007, with cover email dated March 2, 2007 (the “Duff & Phelps Memo”), which was produced by Duff & Phelps, LLC to the Secretary in response to an administrative subpoena.

6. Attached hereto as Karonis Exhibit 4 is a true and correct copy of relevant portions of SJP Group, Inc.’s (“SJP”) interim monthly financial statements for the period of January 1, 2007 through March 31, 2007 broken down by affiliate (the “Interim Financials”), which was produced by SJP to the Secretary in response to an administrative subpoena.

7. Attached hereto as Karonis Exhibit 5 is a true and correct copy of the April 16, 2007 Stock Purchase Agreement between Vincent DiPano (“DiPano”) and the SJP ESOP (the “Stock Purchase Agreement”), which was produced by counsel for FBTS in this action.

8. Attached hereto as Karonis Exhibit 6 is a true and correct copy of the September 4, 2014 Expert Report of Dana Messina (the “Messina Report”) prepared on behalf of the Secretary and produced to the parties in this action.

9. Attached hereto as Karonis Exhibit 7 is a true and correct copy of the August 14, 2014 Expert Report of Richard Puntillo (the “Puntillo Report”) prepared on behalf of the Secretary and produced to the parties in this action.

10. Attached hereto as Karonis Exhibit 8 is a true and correct copy of the October 17, 2014 Expert Report of Richard Puntillo (the “Puntillo Rebuttal Report”) prepared on behalf of the Secretary and produced to the parties in this action.

11. Attached hereto as Karonis Exhibit 9 is a true and correct copy of the Engagement Agreement between FBTS and SJP dated November 16, 2006 (the “FBTS Engagement Agreement”), which was produced by SJP to the Secretary in response to an administrative subpoena.

12. Attached hereto as Karonis Exhibit 10 is a true and correct copy of the Engagement Agreement between FBTS and Prairie dated November 20, 2006 (the “Prairie Engagement Agreement”), which was produced by Prairie to the Secretary in response to an administrative subpoena.

13. Attached hereto as Karonis Exhibit 11 is a true and correct copy of the Engagement Agreement between Duff & Phelps, LLC and SJP dated January 18, 2007 (the “Duff & Phelps Engagement Agreement”), which was produced by SJP to the Secretary in response to an administrative subpoena.

14. Attached hereto as Karonis Exhibit 12 are relevant portions of the transcript of the deposition of DiPano taken on February 26, 2014 (the “DiPano Dep. Tr.”).

15. Attached hereto as Karonis Exhibit 13 is a true and correct copy of relevant portions of the transcript of the deposition of John Miscione, a Managing Director of Duff & Phelps, taken on April 24, 2014 (the “Miscione Dep. Tr.”).

16. Attached hereto as Karonis Exhibit 14 is a true and correct copy the Expert Report prepared by Bradley Van Horn of Business Appraisal Services, LLC (“BAS”) on behalf of FBTS, with attached Appendix setting forth expert’s qualifications, dated October 6, 2014 (the “BAS Report”).

17. Attached hereto as Karonis Exhibit 15 is a true and correct copy of BAS's Comprehensive Checklist of Valuation Components (the "BAS Checklist") submitted by FBTS with the BAS Report.

18. Attached hereto as Karonis Exhibit 16 is a true and correct copy of relevant portions of the transcript of the deposition of Bradley Van Horn, FBTS' expert witness, taken on November 14, 2014 (the "Van Horn Dep. Tr.")

19. Attached hereto as Karonis Exhibit 17 is a true and correct copy the an email from Keith McMurdy, counsel for FBTS, to Andrew Karonis and Andrew Katz, counsel for the Secretary, dated November 21, 2014, supplementing FBTS expert disclosures (the "FBTS 11/21/14 Email")

20. Attached hereto as Karonis Exhibit 18 is a true and correct copy of email communications between Keith McMurdy and Andrew Karonis dated November 21, 2014 (the "11/21/14 Email Chain").

21. Attached hereto as Karonis Exhibit 19 is a true and correct copy the Expert Report prepared by Steven Fischer on behalf of FBTS dated October 7, 2014 (the "Fischer Report").

22. Attached hereto as Karonis Exhibit 20 is a true and correct copy of relevant portions of the transcript of the deposition of Steven Fischer, FBTS' expert witness, taken on November 25, 2014 (the "Fischer Dep. Tr.").

23. Attached hereto as Karonis Exhibit 21 is a true and correct copy the Expert Report prepared by Joel W. Stoesser on behalf of DiPano dated October 8, 2014 (the "Stoesser Report").

24. Attached hereto as Karonis Exhibit 22 is a true and correct copy of relevant portions of the transcript of the deposition of Joel W. Stoesser, DiPano's expert witness, taken on December 4, 2014 (the "Stoesser Dep. Tr.").

25. Attached hereto as Karonis Exhibit 23 is a true and correct copy of a printout of the online January 2007 Climate Summary maintained by the Office of the New Jersey State Climatologist (“ONJSC”) and marked as exhibit 10 at the deposition of Joel Stoesser (the “January 2007 Weather Summary”).

26. Attached hereto as Karonis Exhibit 24 is a true and correct copy of a printout of the online historical monthly mean temperatures in New Jersey maintained by the ONJSC and marked as exhibit 11 at the deposition of Joel Stoesser (the “Monthly Temperature Records”).

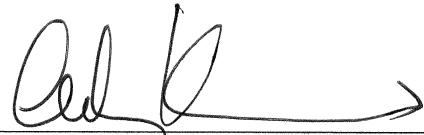
27. Attached hereto as Karonis Exhibit 25 is a true and correct copy of a printout of the online historical monthly mean precipitation in New Jersey maintained by the ONJSC and marked as exhibit 12 at the deposition of Joel Stoesser (the “Monthly Precipitation Records”).

28. Attached hereto as Karonis Exhibit 26 is a true and correct copy of a Loan Term Sheet prepared by Bank of America for SJP dated February 15, 2007, which was produced by Duff & Phelps to the Secretary in response to an administrative subpoena and marked as exhibit 9 at the deposition of Joel Stoesser (the “BOA Term Sheet”).

29. Attached hereto as Karonis Exhibit 27 is a true and correct copy of a Loan Term Sheet prepared by Citibank for SJP dated March 1, 2007, which was produced by Duff & Phelps to the Secretary in response to an administrative subpoena and marked as exhibit 7 at the deposition of Joel Stoesser (the “Citibank Term Sheet”).

30. Attached hereto as Karonis Exhibit 28 is a true and correct copy of a Loan Term Sheet prepared by La Salle Business Credit, LLC for SJP dated March 7, 2007, which was produced by Duff & Phelps to the Secretary in response to an administrative subpoena and marked as exhibit 8 at the deposition of Joel Stoesser (the “LaSalle Term Sheet”).

Executed this 6th day of February, 2015.



ANDREW KARONIS